FB Financial Corporation



2023 Third Quarter Earnings Presentation

October 17, 2023

Forward–looking statements

Certain statements contained in this Presentation that are not historical in nature may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, without limitation, statements regarding the Company's future plans, results, strategies, and expectations, including expectations around changing economic markets. These statements can generally be identified by the use of the words and phrases "may," "will," "should," "could," "would," "goal," "plan," "potential," "estimate," "project," "believe," "intend," "anticipate," "expect," "target," "aim," "predict," "continue," "seek," "project," and other variations of such words and phrases and similar expressions. These forward-looking statements are not historical facts, and are based upon management's current expectations, estimates, and projections, many of which, by their nature, are inherently uncertain and beyond the Company's control. The inclusion of these forward-looking statements should not be regarded as a representation by the Company or any other person that such expectations, estimates, and projections will be achieved. Accordingly, the Company cautions shareholders and investors that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, and uncertainties that are difficult to predict. Actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. A number of factors could cause actual results to differ materially from those contemplated by the forward-looking statements including, without limitation, (1) current and future economic conditions, including the effects of inflation, interest rate fluctuations, changes in the economy or global supply chain, supply-demand imbalances affecting local real estate prices, and high unemployment rates in the local or regional economies in which the Company operates and/or the US economy generally, (2) changes in government interest rate policies and its impact on the Company's business, net interest margin, and mortgage operations, (3) any continuation of the recent turmoil in the banking industry, including the associated impact to the Company and other financial institutions of any regulatory changes or other mitigation efforts taken by government agencies in response, (4) increased competition for deposits, (5) the Company's ability to effectively manage problem credits, (6) any deterioration in commercial real estate market fundamentals, (7) the Company's ability to identify potential candidates for, consummate, and achieve synergies from, potential future acquisitions, (8) the Company's ability to successfully execute its various business strategies, (9) changes in state and federal legislation, regulations or policies applicable to banks and other financial service providers, including legislative developments, (10) the potential impact of the phase-out of the London Interbank Offered Rate ("LIBOR") or other changes involving LIBOR, (11) the effectiveness of the Company's cybersecurity controls and procedures to prevent and mitigate attempted intrusions, (12) the Company's dependence on information technology systems of third party service providers and the risk of systems failures, interruptions, or breaches of security, and (13) the impact of natural disasters, pandemics, and/or acts of war or terrorism, (14) events giving rise to international or regional political instability, including the broader impacts of such events on financial markets and/or global macroeconomic environments, and (15) general competitive, economic, political, and market conditions. Further information regarding the Company and factors which could affect the forward-looking statements contained herein can be found in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022, and in any of the Company's subsequent filings with the SEC. Many of these factors are beyond the Company's ability to control or predict. If one or more events related to these or other risks or uncertainties materialize, or if the underlying assumptions prove to be incorrect, actual results may differ materially from the forward-looking statements. Accordingly, shareholders and investors should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date of this Presentation, and the Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law. New risks and uncertainties may emerge from time to time, and it is not possible for the Company to predict their occurrence or how they will affect the Company. The Company qualifies all forward-looking statements by these cautionary statements.

Use of non-GAAP financial measures

This Presentation contains certain financial measures that are not measures recognized under U.S. generally accepted accounting principles ("GAAP") and therefore are considered non-GAAP financial measures. These non-GAAP financial measures may include, without limitation, adjusted net income, adjusted diluted earnings per common share, adjusted and unadjusted pre-tax pre-provision earnings, consolidated and segment core revenue, consolidated and segment core noninterest expense and core noninterest income, consolidated and segment core efficiency ratio (tax equivalent basis), adjusted return on average assets and equity, and adjusted pre-tax pre-provision return on average assets. Each of these non-GAAP metrics excludes certain income and expense items that the Company's management considers to be non-core/adjusted in nature. The Company refers to these non-GAAP measures as adjusted (or core) measures. Also, the Company presents tangible assets, tangible common equity, adjusted tangible common equity, tangible book value per common share, adjusted tangible book value per common share, tangible common equity to tangible assets, on-balance sheet liquidity to tangible assets, return on average tangible common equity, and adjusted return on average tangible common equity. Each of these non-GAAP metrics excludes the impact of goodwill and other intangibles. Adjusted tangible common equity and adjusted tangible book value also exclude the impact of net accumulated other comprehensive loss.

The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance, financial condition and the efficiency of its operations as management believes such measures facilitate period-to-period comparisons and provide meaningful indications of its operating performance as they eliminate both gains and charges that management views as non-recurring or not indicative of operating performance. Management believes that these non-GAAP financial measures provide a greater understanding of ongoing operations and enhance comparability of results with prior periods as well as demonstrate the effects of significant non-core gains and charges in the current and prior periods. The Company's management also believes that investors find these non-GAAP financial measures useful as they assist investors in understanding the Company's underlying operating performance and in the analysis of ongoing operating trends. In addition, because intangible assets such as goodwill and the other items excluded each vary extensively from company to company, the Company believes that the presentation of this information allows investors to more easily compare the Company's results to the results of other companies. However, the non-GAAP financial measures discussed herein should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which the Company calculates the non-GAAP financial measures discussed herein may differ from that of other companies reporting measures with similar names. Investors should understand how such other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures the Company has discussed herein when comparing such non-GAAP financial measures. See the corresponding non-GAAP reconciliation tables below in this Presentation for additional discussion and reconciliation of these measures to the most directly comparable GAAP financial measures.

3Q 2023 Highlights

Key highlights

- NIM increased to 3.42% from 3.40% in the previous quarter; Total loans held for investment (HFI) yield increased to 6.54% in 3Q 2023 from 6.34% in 2Q 2023; Total deposit cost increased to 2.58% in 3Q 2023 from 2.38% in 2Q 2023
- Reduced core operating expenses in 3Q 2023 and early 4Q 2023 by $20 million annualized through early retirement and other expense reduction initiatives
- Banking noninterest expense in Q3 was $71.0 million which included a charge for severance, compared to $67.7 million for 2Q 2023 and $65.9 million for the 3Q 2022; Banking core noninterest expense was $66.2 million compared to $66.7 for 2Q 2023 and $65.9 for 3Q 2022
- Sold $76.6 million in available-for-sale securities with a weighted average yield of 1.36% and reinvested the proceeds of the sales into securities with a weighted average yield of 6.43%, which contributed toward a pre-tax loss on securities of $14.2 million ($10.4 million after-tax)
- Strong preliminary capital ratios with **no securities categorized HTM:**
  - Tangible Common Equity to Tangible Assets[1] 9.16%
  - Common Equity Tier 1 Ratio of 11.8%
  - Total Risk-Based Capital of 14.1%
- Reduced construction loans by $104.7 million. CRE and construction concentration levels[2] of 270% and 104% of Tier 1 capital plus ACL.
- Nonperforming assets as a percentage of total assets increased 12 basis points to 0.71% as of 3Q 2023 from 0.59% in 2Q 2023; 8 basis points of increase from downgrade of one commercial and industrial relationship

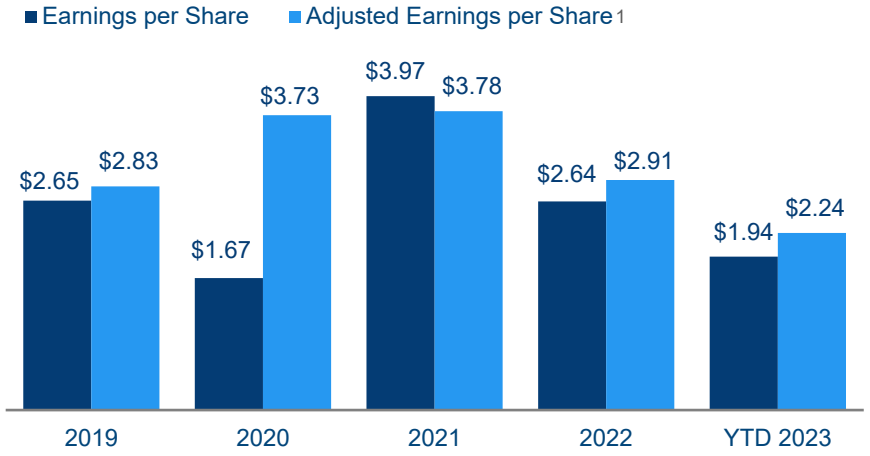
Financial results

	3Q 2023
Diluted earnings per common share	$0.41
Adjusted diluted earnings per common share[1]	*$0.71*
Net income ($mm)	$19.2
Adjusted net income[1] ($mm)	*$33.2*
Return on average assets	0.61%
Adjusted return on average assets[1]	*1.05%*
Adjusted pre-tax pre-provision return on average assets[1]	*1.42%*
Return on average common equity	5.46%
Adjusted return on average common equity[1]	*9.46%*
Return on average tangible common equity[1]	6.67%
Adjusted return on average tangible common equity[1]	*11.8%*
Adjusted pre-tax, pre-provision earnings[1] ($mm)	$45.0
Net interest margin	3.42%
Total common equity / total assets	11.0%
Tangible common equity / tangible assets[1]	*9.16%*

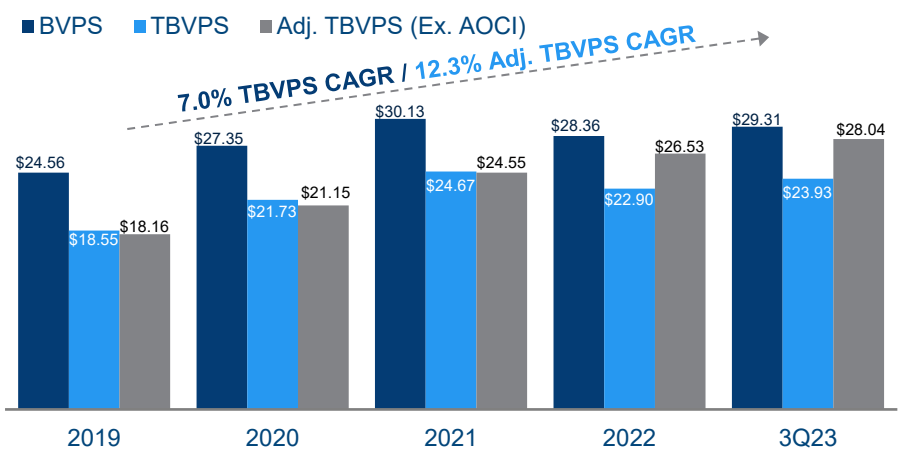
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein. [2] Concentration ratios for FirstBank

Driving shareholder value

Earnings per Share

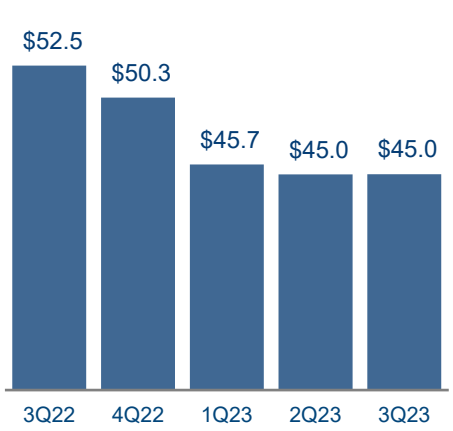


Tangible Book Value per Share[1]

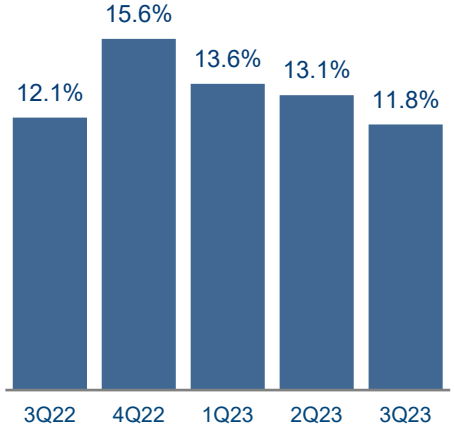


Dashboard

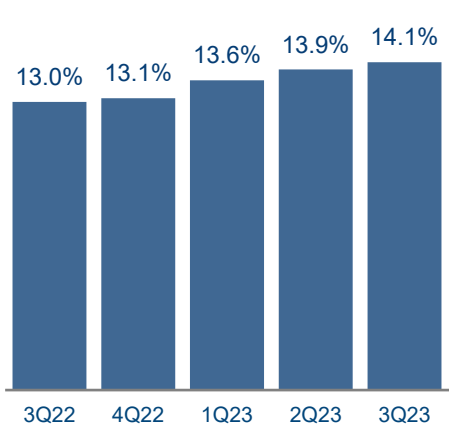
Adjusted PTPP[1]



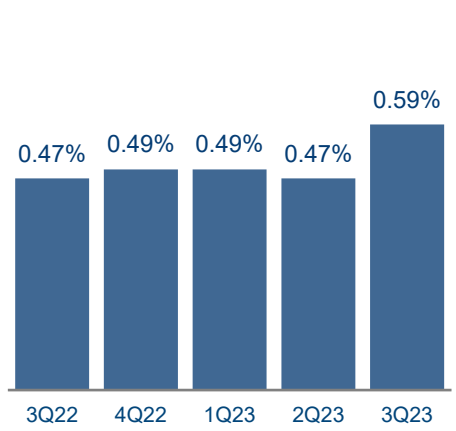
Adjusted ROATCE[1]



Total RBC Ratio[2]



NPLs / Loans HFI



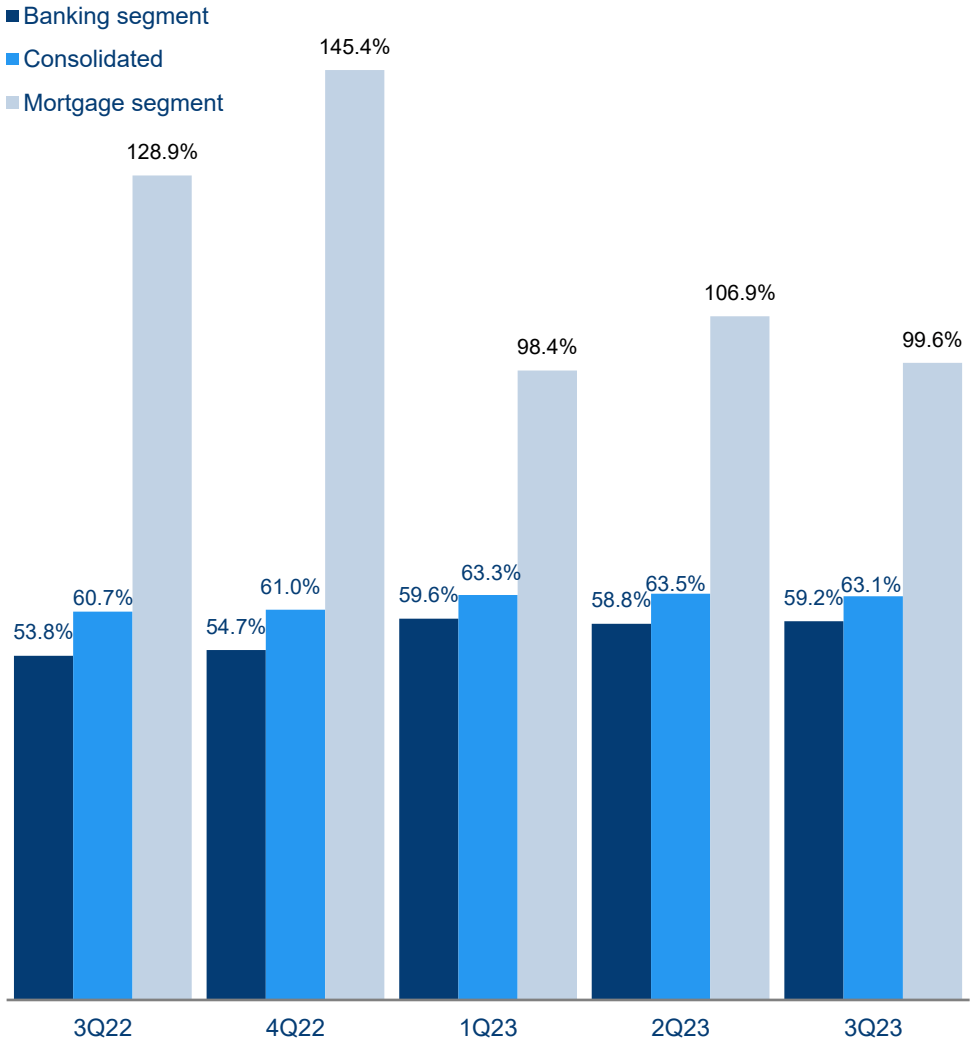
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein. [2] 3Q23 calculation is preliminary and subject to change.

Significant projected reduction in run-rate expenses

Highlights

- Consolidated 3Q 2023 efficiency ratio of 76.2%; core efficiency ratio[1] of 63.1%
- Banking segment recognized $4.8 million in early retirement and severance costs in 3Q 2023; additional $1.7 million expected in 4Q 2023
- Reduction of $20 million in annual core expenses for 2024
- Mortgage segment was breakeven for the quarter, reflecting improved margins and cost controls; Mortgage core revenue[1] has been less than 10% of core total revenue[1] each of the past 5 quarters

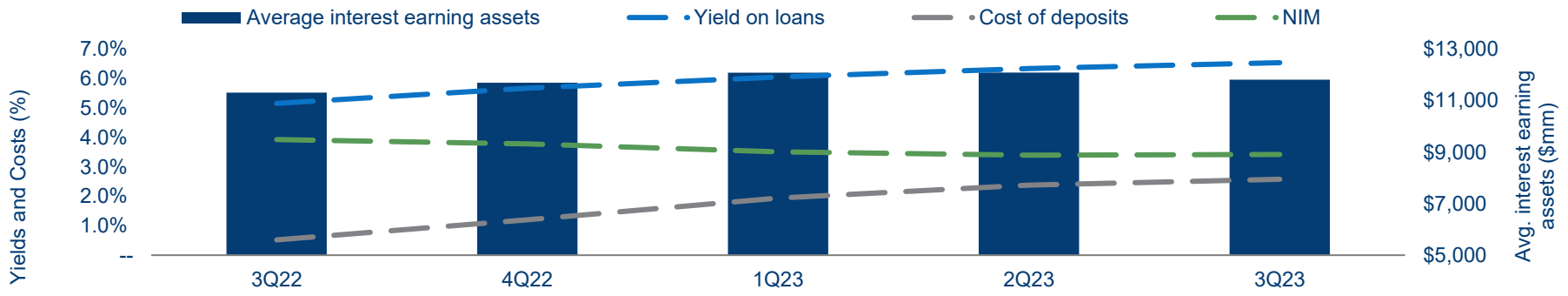
Core efficiency ratio (tax-equivalent basis)[1]



[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.

Stabilizing net interest margin

Historical yield and costs



	3Q22	4Q22	1Q23	2Q23	3Q23
NIM[1]	**3.93%**	**3.78%**	**3.51%**	**3.40%**	**3.42%**
Impact of accretion and nonaccrual interest (bps)	5	3	2	1	3
Deposit Cost:					
Cost of MMDA	0.73%	2.03%	2.95%	3.43%	3.78%
Cost of customer time	0.87%	1.79%	2.54%	3.00%	3.37%
Cost of interest-bearing	0.74%	1.67%	2.53%	3.06%	3.33%
Total deposit cost	**0.52%**	**1.20%**	**1.94%**	**2.38%**	**2.58%**
Loans HFI Yield:					
Contractual interest[1]	4.79%	5.45%	5.90%	6.16%	6.32%
Origination and other loan fee income	0.30%	0.18%	0.13%	0.17%	0.19%
Nonaccrual interest	0.02%	0.03%	0.01%	0.01%	0.02%
Accretion on purchased loans	0.05%	0.01%	0.01%	0.00%	0.01%
Total loan (HFI) yield	**5.16%**	**5.67%**	**6.05%**	**6.34%**	**6.54%**

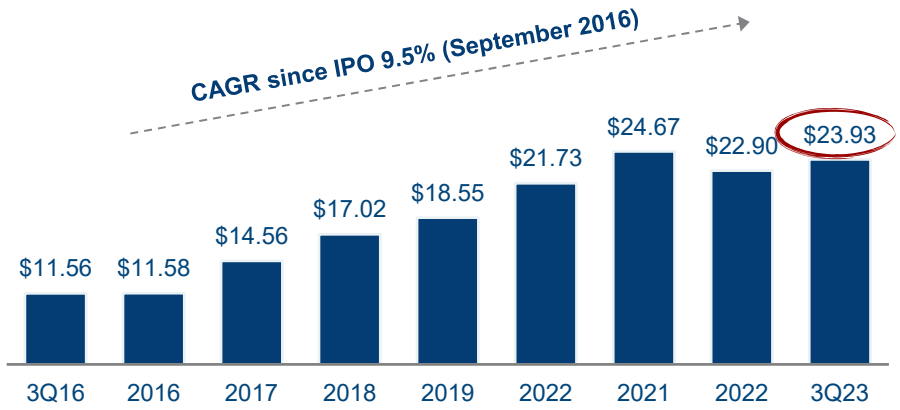
[1] Includes tax-equivalent adjustment.

Well-capitalized for future opportunities

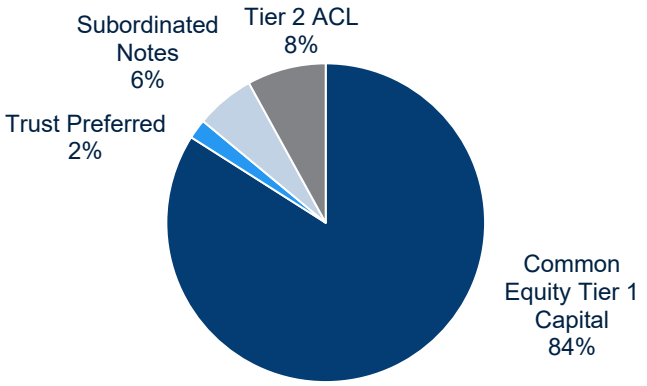
Capital Position

	3Q22	2Q23	3Q23[2]
Shareholder's Equity/Assets	10.5%	10.8%	11.0%
TCE/TA[1]	8.5%	9.0%	9.2%
Common Equity Tier 1	10.9%	11.7%	11.8%
Tier 1 Risk-Based	11.2%	11.9%	12.1%
Total Risk-Based	13.0%	13.9%	14.1%
Tier 1 Leverage	10.7%	10.7%	11.0%
C&D to 100% Tier 1 Capital plus ACL[3]	124%	113%	104%
CRE to 300% Tier 1 Capital plus ACL[3]	299%	281%	270%
AOCI Adjusted Ratios[1]			
Adj. Common Equity Tier 1			10.4%
Adjusted Total Risk-Based			12.8%

Tangible Book Value per Share[1]



Simple Capital Structure

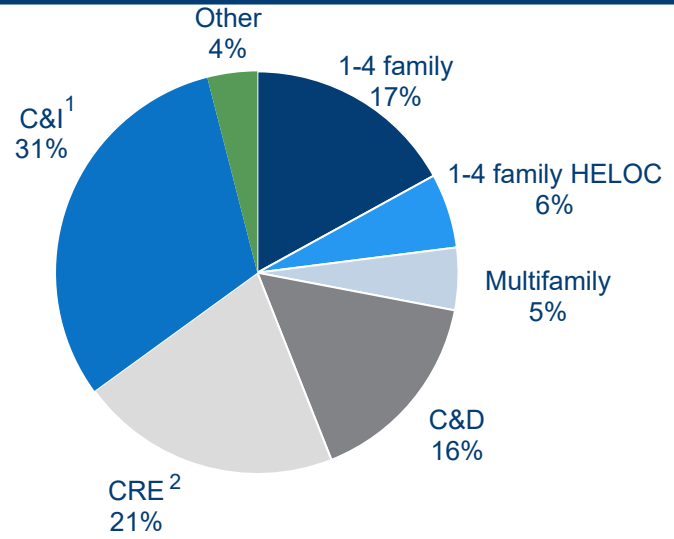


Total regulatory capital $1,608 mm

[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein. [2] 3Q23 calculation is preliminary and subject to change. [3] Concentration ratios for FirstBank

Balanced loan portfolio

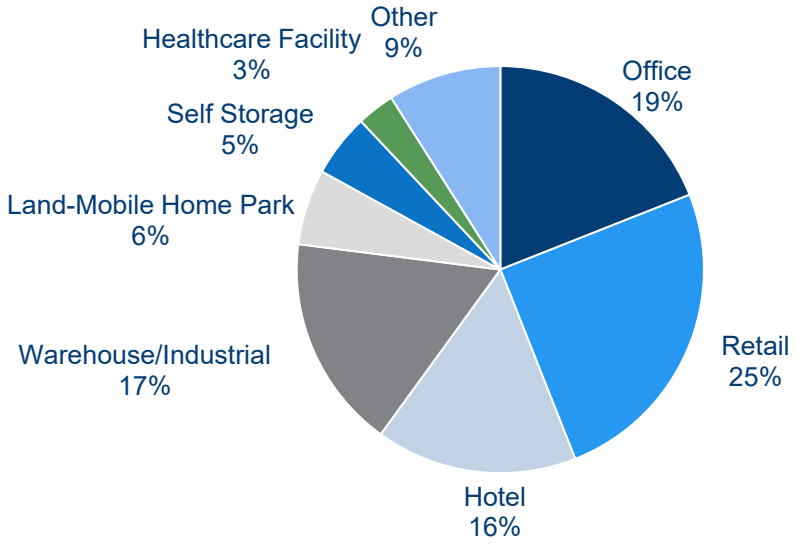
Portfolio mix



C&I[1] exposure by industry ($ millions)

	C&I	CRE-OO	Total	% of Total
Real estate rental and leasing	$ 355	$ 247	$ 602	21%
Finance and insurance	316	16	332	11%
Retail trade	119	149	268	9%
Manufacturing	177	83	260	9%
Other services (except public administration)	44	177	221	8%
Construction	128	62	190	7%
Health care and social assistance	57	120	177	6%
Wholesale trade	90	65	155	5%
Accomodation and food services	27	107	134	5%
Transportation and warehousing	85	22	107	4%
Professional, scientific and technical services	72	32	104	4%
Arts, entertainment and recreation	30	34	64	2%
Educational services	31	22	53	2%
Information	36	14	50	2%
Other	101	56	157	5%
Total	**$ 1,668**	**$ 1,206**	**$ 2,874**	**100%**

CRE[2] exposure by type

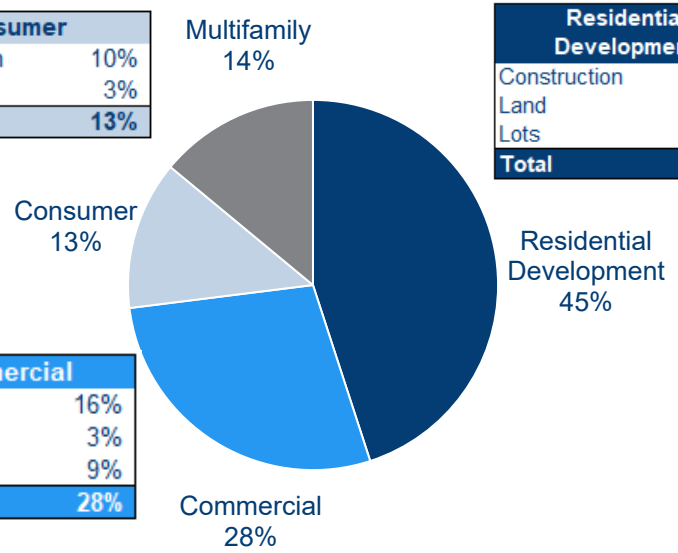


C&D exposure by type

Consumer	
Construction	10%
Land	3%
Total	**13%**

Residential Development	
Construction	36%
Land	7%
Lots	2%
Total	**45%**

Commercial	
Land	16%
Retail	3%
Other	9%
Total	**28%**



Note: Data as of September 30, 2023 [1] C&I includes owner-occupied CRE. [2] Excludes owner-occupied CRE.

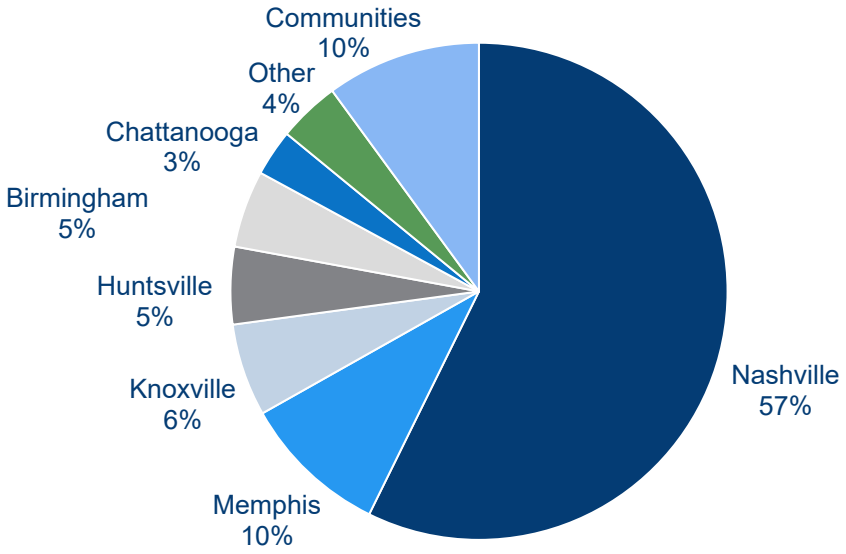
Office exposure (non-owner occupied CRE & C&D)

- Office loans represent only 3.9% of our total HFI loan portfolio as of the end of 3Q23
- Projects generally characterized by 25-30% cash equity requirement, loan to value maximums of 70%-75% at origination, and requests for guarantors
- Reviewed all office loans with commitments greater than $2 million ($272.0 million outstanding, or 74.5% of total office portfolio) with limited concerns uncovered
- 5.0% of the total office portfolio matures through 2024
- 59% of the total office portfolio is fixed rate vs. 41% floating rate
- As of 3Q23, 98% of the portfolio is pass rated, and no loans within the portfolio are more than 30 days past due

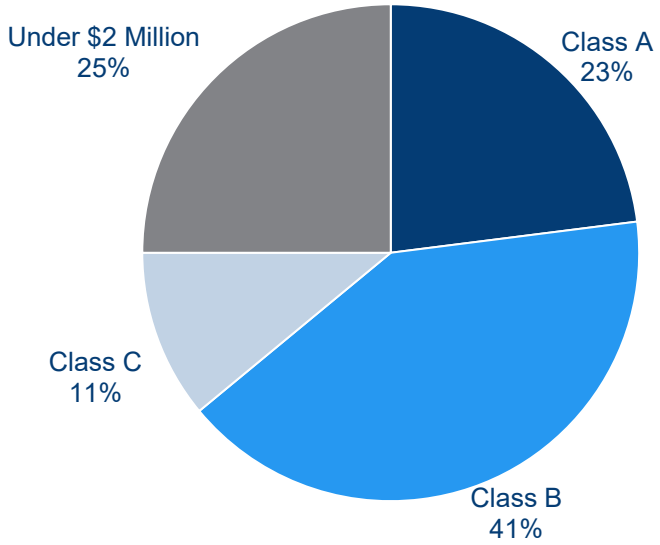
Credit detail by class

Class	Oustanding ($mm)	Average Balance ($mm)	Wtd. Avg. LTV	Wtd. Avg. Occupancy
Class A >$ 2 million	$ 84.1	$ 7.6	57.4%	87.5%
Class B > $ 2 million	148.3	5.7	64.3%	79.6%
Class C > $ 2 million	39.7	5.0	63.3%	78.6%
Total > $2 million	$ 272.1	$ 6.0	62.0%	81.9%
Total < $2 million	92.9	0.6	N/A	N/A
Total Office	**$ 365.0**	**$ 1.8**	**N/A**	**N/A**

Geographic exposure



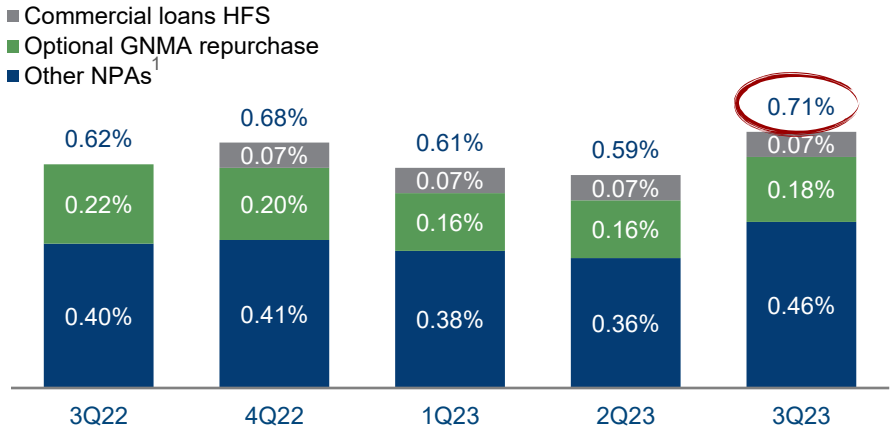
Exposure by class



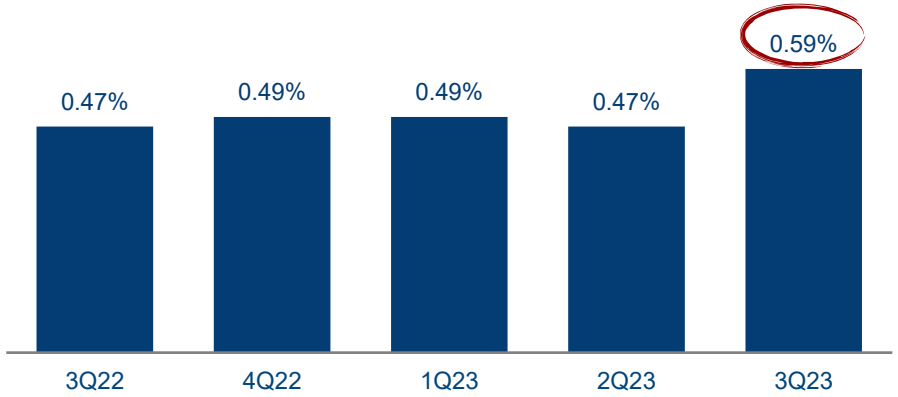
Note: Data as of September 30, 2023. Data excludes medical office buildings.

Asset quality remains solid

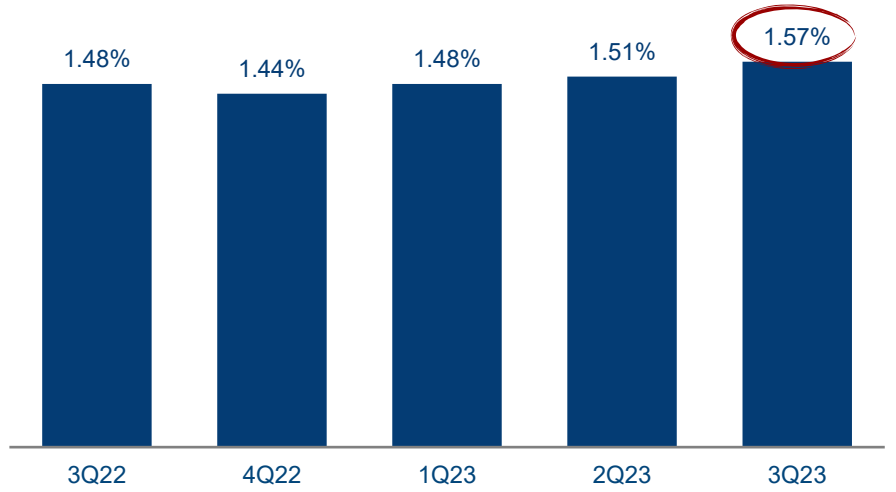
Nonperforming assets / assets



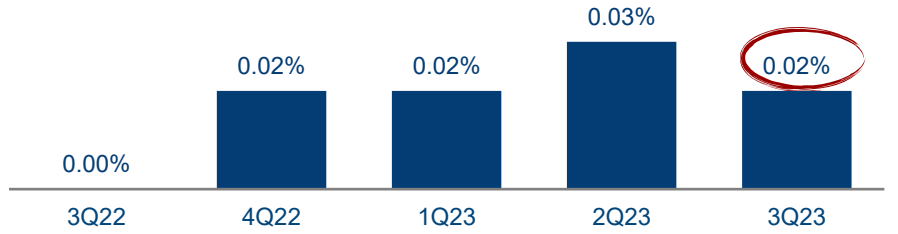
Nonperforming loans HFI / loans HFI



ACL on loans HFI / loans HFI



Net charge-offs / average loans HFI



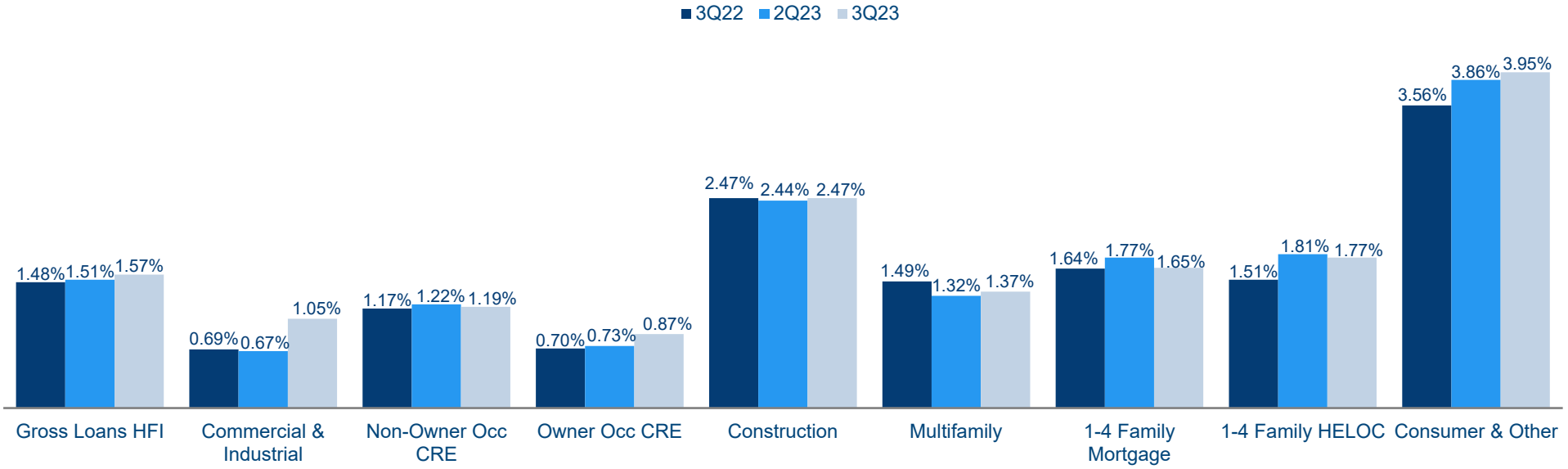
[1] Includes other real estate owned and repossessed assets–see page 13 of the Third Quarter 2023 Financial Supplement.

Allowance for credit losses overview

- Current Expected Credit Loss (CECL) Allowance for Credit Losses (ACL) model utilizes Moody's model[1] with key economic data summarized below:

	For the quarter ended		For the year ended December 31,			
	4Q23	1Q24	2023	2024	2025	2026
GDP(bcw$)	$20,503.3	$20,548.1	$20,419.0	$20,674.3	$21,145.1	$21,746.4
Annualized % Change	0.3%	0.9%	2.0%	1.3%	2.3%	2.8%
Total Employment (millions)	156.8	156.9	156.1	157.0	157.6	158.3
Unemployment Rate	3.7%	3.9%	3.6%	4.0%	4.2%	4.2%
CRE Price Index	336.5	329.9	336.5	316.1	338.2	366.0
NCREIF Property Index: Rate of Return	-0.1%	0.3%	-1.0%	0.6%	2.1%	2.1%

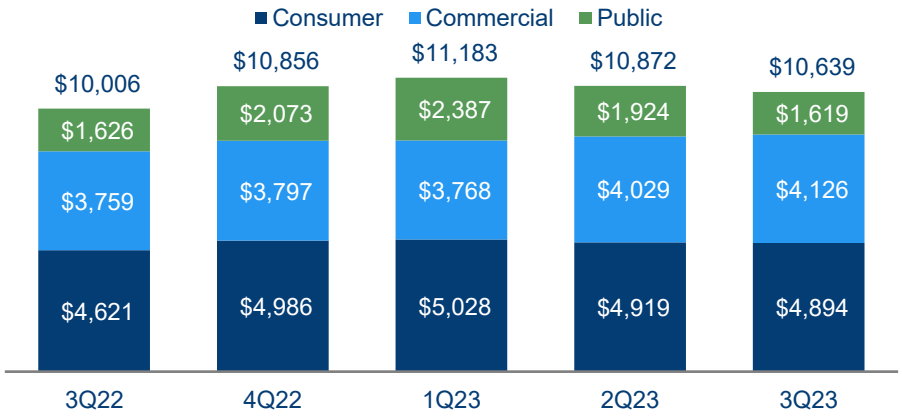
ACL on loans HFI / Loans HFI by category



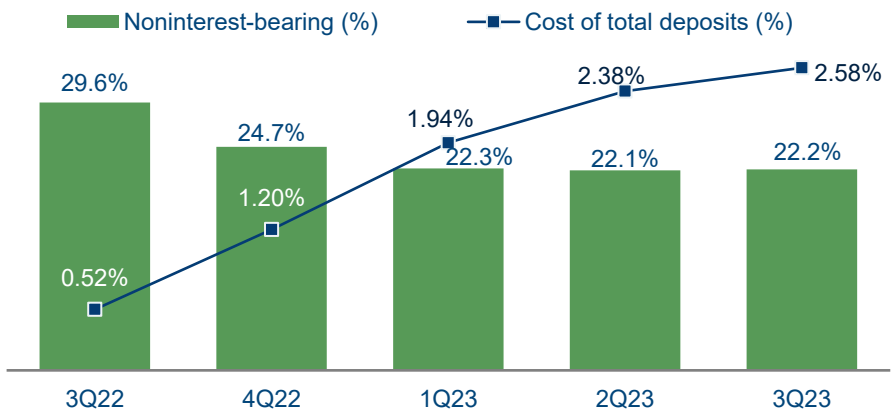
[1]Source: Moody's " September 2023 U.S. Macroeconomic Outlook Baseline and Alternative Scenarios".

Valuable deposit base

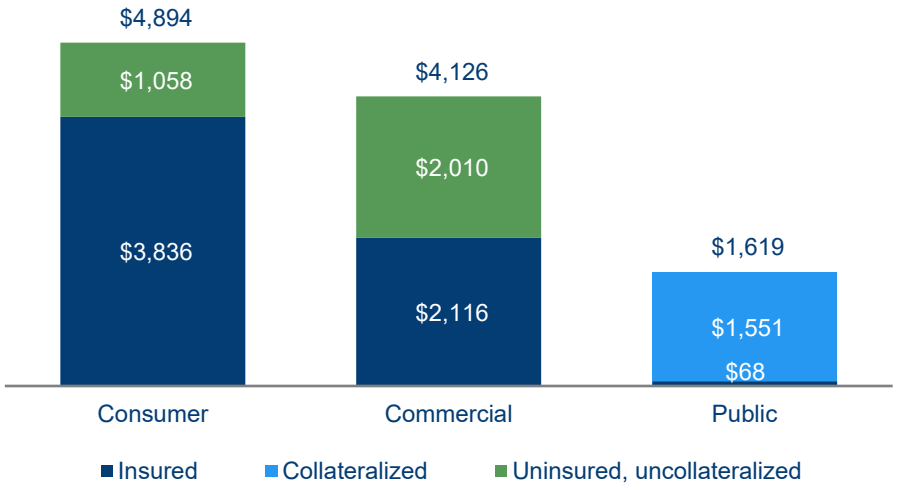
Deposits by customer segment ($mm)



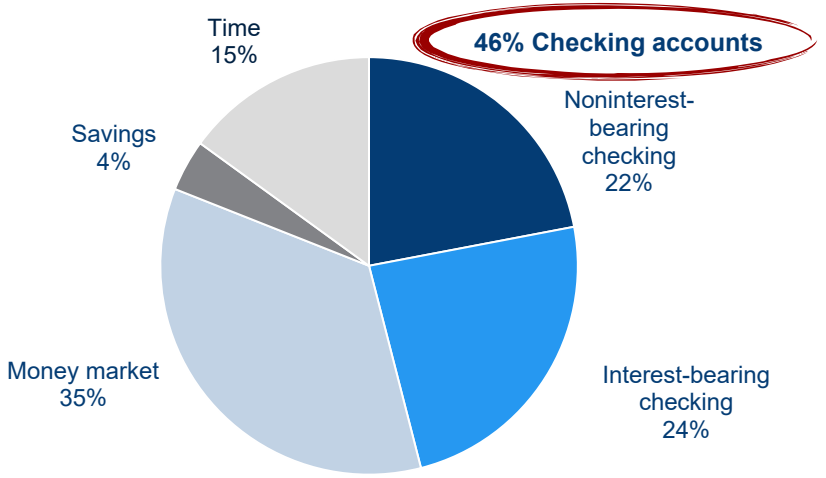
Cost of deposits



3Q23 Insured, collateralized or uninsured by segment ($mm)



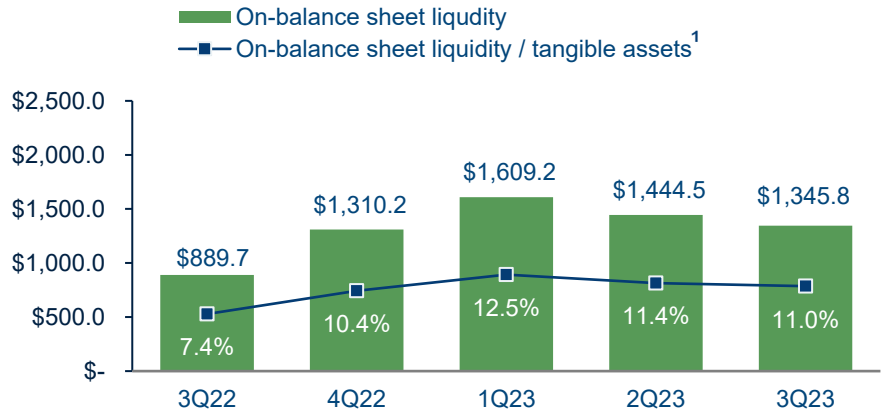
3Q23 Deposit composition



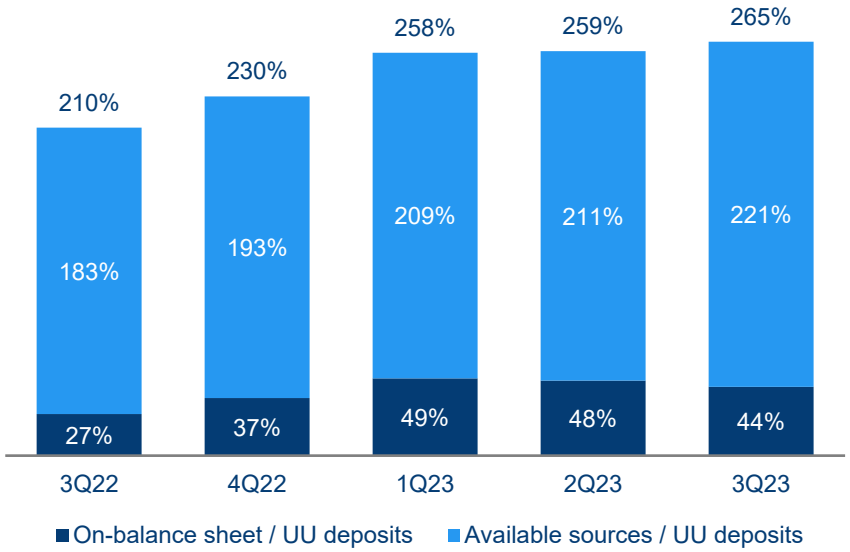
Strong liquidity position

- Well positioned to weather the current environment
- Securities portfolio makes up 10.8% of total assets and does not include any HTM securities
- On-balance sheet liquidity of $1.3 billion or 44% of estimated uninsured and uncollateralized deposits
- Improved contingent funding availability by $418.4 million or 6.58% from the prior quarter through a combination of pledging optimization and a reduction in outstanding borrowings
- Additional $2.2 billion of real estate loans held at REIT that could be resold to the bank and pledged at FHLB for additional borrowing capacity

On-balance sheet liquidity ($mm)



Liquidity / Uninsured and Uncollateralized (UU) Deposits



3Q23 Sources of liquidity ($mm)

Current on-balance sheet:	
Cash and equivalents	$848.3
Unpledged available-for-sale debt securities	494.6
Equity securities	2.9
Total on-balance sheet	**$1,345.8**
Available sources of liquidity:	
Unsecured borrowing capacity[2]	$3,371.9
FHLB remaining borrowing capacity[3]	1,005.3
Federal Reserve discount window	2,398.3
Total available sources	**$6,775.5**

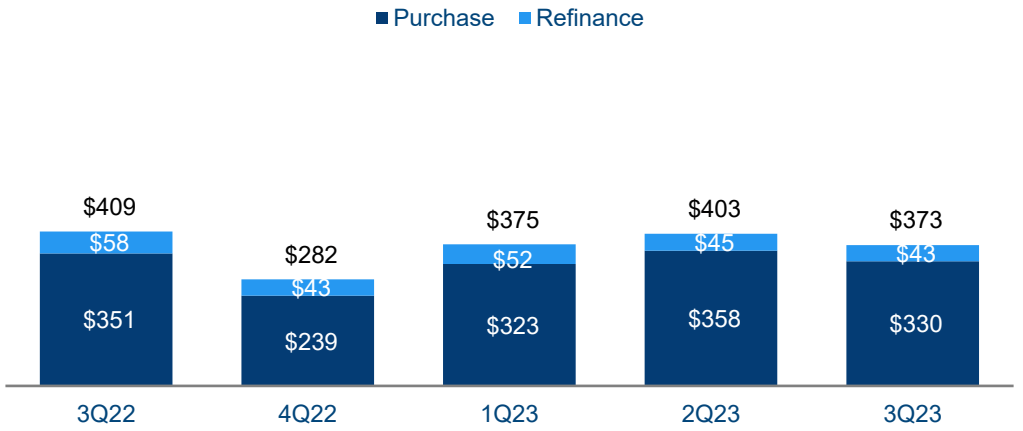
[1] Non-GAAP financial measure; See "Use of non-GAAP Financial Measures" and Non-GAAP reconciliations herein.
[2] Includes capacity from internal policy.
[3] FHLB borrowing capacity does not include loans held at REIT that could be pledged for additional capacity.

Mortgage performance in 3Q 2023

Highlights

- Mortgage segment was slightly above break even in 3Q 2023
- Interest rate lock commitment volume decreased 7.4% in 3Q 2023 compared to 2Q 2023
- Decay and interest rate volatility led to MSR fair value losses, net of hedging of $3.72 million in 3Q
- Mortgage volume and margins continue to be under pressure due to high-rate environment, excess industry capacity and home affordability challenges

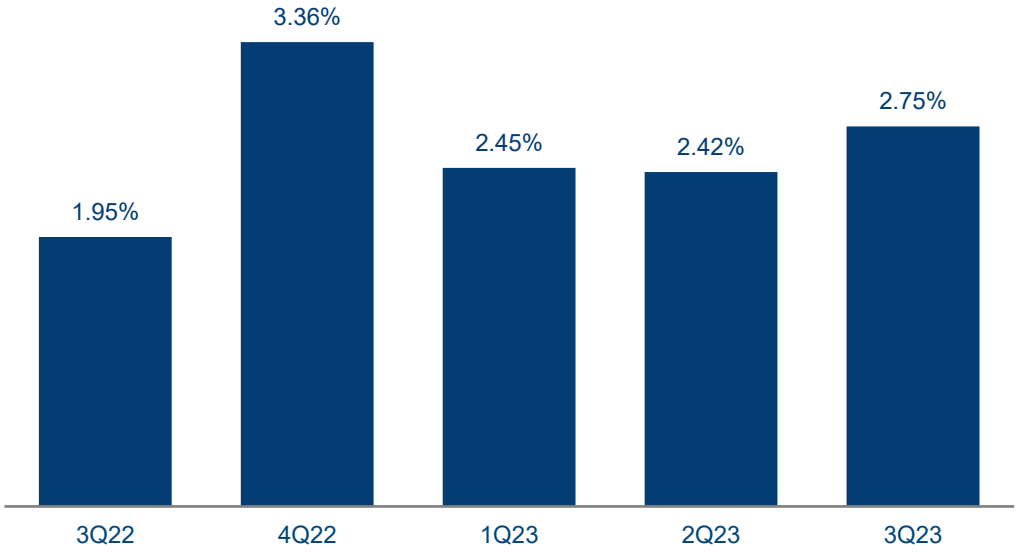
Interest rate lock commitment volume ($mm)



Mortgage banking income ($mm)

	3Q22	2Q23	3Q23
Gains and fees from originations and sale of loans HFS	$11.1	$8.0	$8.9
Fair value changes of loans HFS and derivatives	($2.5)	$0.9	($0.6)
Servicing revenue	$8.1	$7.5	$7.4
Fair value MSR changes	($4.3)	($4.2)	($3.7)
Total Income	**$12.4**	**$12.2**	**$12.0**

Mortgage segment gain on sale margin



Appendix

GAAP reconciliations and use of non-GAAP financial measures

Adjusted net income and diluted earnings per share

(Dollars in thousands, except share data)	Three Months Ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Income before income taxes	$ 23,150	$ 45,142	$ 46,078	$ 48,193	$ 40,762
Plus early retirement and severance costs	4,809	1,426	—	—	—
Less loss from securities, net	(14,197)	—	—	—	—
Less other non-operating items[1]	(7)	525	910	(2,562)	(387)
Adjusted pre-tax net income	42,163	46,043	45,168	50,755	41,149
Income tax expense, adjusted for items above	8,930	10,070	9,460	10,710	9,032
Adjusted net income	$ 33,233	$ 35,973	$ 35,708	$ 40,045	$ 32,117
Weighted average common shares outstanding - fully diluted	46,856,422	46,814,854	46,765,154	47,036,742	47,024,611
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 0.41	$ 0.75	$ 0.78	$ 0.81	$ 0.68
Plus early retirement and severance costs	0.10	0.03	—	—	—
Less loss from securities, net	(0.30)	—	—	—	—
Less other non-operating items	—	0.01	0.02	(0.05)	—
Less tax effect	0.10	—	—	0.01	—
Adjusted diluted earnings per common share	$ 0.71	$ 0.77	$ 0.76	$ 0.85	$ 0.68

[1] The following table presents amounts included in "other non-operating items" for each of the periods presented:

Other non-operating items:	Three Months Ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Gain on sales or write-downs of other real estate owned and other assets	$ —	$ 533	$ —	$ —	$ —
(Loss) gain from changes in fair value of commercial loans held for sale acquired in previous business combination	(7)	(8)	910	(2,562)	(387)
Total other non-operating items	$ (7)	$ 525	$ 910	$ (2,562)	$ (387)

GAAP reconciliations and use of non-GAAP financial measures

Adjusted pre-tax pre-provision earnings

(Dollars in thousands)	Three Months Ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Income before income taxes	$ 23,150	$ 45,142	$ 46,078	$ 48,193	$ 40,762
Plus provisions for credit losses	2,821	(1,078)	491	(456)	11,367
Pre-tax pre-provision earnings	25,971	44,064	46,569	47,737	52,129
Plus early retirement and severance costs	4,809	1,426	—	—	—
Less loss from securities, net	(14,197)	—	—	—	—
Less other non-operating items	(7)	525	910	(2,562)	(387)
Adjusted pre-tax pre-provision earnings	$ 44,984	$ 44,965	$ 45,659	$ 50,299	$ 52,516

Adjusted tangible net income

(Dollars in thousands)	Three Months Ended Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Income before income taxes	$ 23,150	$ 45,142	$ 46,078	$ 48,193	$ 40,762
Plus early retirement and severance costs	4,809	1,426	—	—	—
Less loss from securities, net	(14,197)	—	—	—	—
Less other non-operating items	(7)	525	910	(2,562)	(387)
Plus amortization of core deposit and other intangibles	889	940	990	1,039	1,108
Less income tax expense, adjusted for items above	9,161	10,315	9,718	10,980	9,321
Adjusted tangible net income	$ 33,891	$ 36,668	$ 36,440	$ 40,814	$ 32,936

GAAP reconciliations and use of non-GAAP financial measures

Adjusted earnings and diluted earnings per share

(Dollars in thousands, except share data)	YTD 2023	Year Ended 2022	2021	2020	2019
Income before income taxes	$ 114,370	$ 159,574	$ 243,051	$ 82,461	$ 109,539
Plus early retirement and severance costs	6,235	—	—	—	—
Less loss from securities, net	(14,197)	—	—	—	—
Plus mortgage restructuring, offering, and merger and conversion expenses	—	12,458	605	34,879	7,380
Plus initial provision for credit losses on acquired loans and unfunded commitments	—	—	—	66,136	—
Less other non-operating items[1]	1,428	(5,133)	11,032	(4,400)	—
Adjusted pre-tax net income	133,374	177,165	232,624	187,876	116,919
Income tax expense, adjusted for items above[2]	28,460	39,587	51,553	45,944	27,648
Adjusted net income	$ 104,914	$ 137,578	$ 181,071	$ 141,932	$ 89,271
Weighted average common shares outstanding - fully diluted	46,802,543	47,239,791	47,955,880	38,099,744	31,402,897
Adjusted diluted earnings per common share					
Diluted earnings per common share	$ 1.94	$ 2.64	$ 3.97	$ 1.67	$ 2.65
Plus early retirement and severance costs	0.13	—	—	—	—
Less loss from securities, net	(0.30)	—	—	—	—
Plus mortgage restructuring, offering, and merger and conversion expenses	—	0.26	0.01	0.92	0.24
Plus initial provision for credit losses on acquired loans and unfunded commitments	—	—	—	1.74	—
Less other non-operating items	0.03	(0.11)	0.22	(0.11)	—
Less tax effect	0.10	0.10	(0.02)	0.71	0.06
Adjusted diluted earnings per common share	$ 2.24	$ 2.91	$ 3.78	$ 3.73	$ 2.83

[1] The following table presents all amounts included in "other non-operating items" for each of the periods presented:

Other non-operating items:	YTD 2023	Year Ended 2022	2021	2020	2019
Gain (loss) on sales or write-downs of other real estate owned and other assets	$ 533	$ —	$ 2,005	$ (1,505)	$ —
Gain (loss) from changes in fair value of commercial loans held for sale acquired in previous business combination	895	(5,133)	11,172	3,228	—
Cash life insurance benefit	—	—	—	715	—
Loss on swap cancellation	—	—	(1,510)	—	—
Gain from lease terminations	—	—	787	—	—
Certain nonrecurring charitable contributions	—	—	(1,422)	—	—
FHLB prepayment penalties	—	—	—	(6,838)	—
Total other non-operating items	$ 1,428	$ (5,133)	$ 11,032	$ (4,400)	$ —

[2] 2021 includes a $1,678 tax benefit related to a change in the value of a net operating loss tax asset related to previous business combination.

GAAP Reconciliations and use of non-GAAP Financial Measures

Adjusted Common Equity Tier 1 and Total Risk-Based Capital Ratios

(Dollars in thousands)		As of Sep 2023
Common stock, related surplus and retained earnings	$	1,585,750
Less goodwill and disallowed intangibles, net of deferred tax liabilities and deferred tax assets arising from net operating loss tax credit carryforwards		235,522
Common Equity Tier 1 capital	$	1,350,228
Plus accumulated other comprehensive loss on available-for-sale securities		(193,044)
Adjusted Common Equity Tier 1 capital	$	1,157,184
Total Risk-Based capital	$	1,608,166
Plus accumulated other comprehensive loss on available-for-sale securities		(193,044)
Adjusted Total Risk-Based capital	$	1,415,122
Total risk-weighted assets	$	11,406,276
Less risk-weighted impact of available-for-sale securities		321,038
Adjusted total risk-weighted assets	$	11,085,238
Common Equity Tier 1 ratio		11.8%
Adjusted Common Equity Tier 1 capital		10.4%
Total Risk-Based capital		14.1%
Adjusted Total Risk-Based capital		12.8%

Note: Capital ratios are at FB Financial Corporation.

GAAP reconciliations and use of non-GAAP financial measures

Core efficiency ratio (tax-equivalent basis)

(Dollars in thousands)	Three Months Ended				
	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Total noninterest expense	$ 82,997	$ 81,292	$ 80,440	$ 80,230	$ 81,847
Less early retirement and severance costs	4,809	1,426	—	—	—
Core noninterest expense	$ 78,188	$ 79,866	$ 80,440	$ 80,230	$ 81,847
Net interest income (tax-equivalent basis)	$ 101,762	$ 102,383	$ 104,493	$ 111,279	$ 112,145
Total noninterest income	8,042	23,813	23,349	17,469	22,592
Less (loss) gain on change in fair value on commercial loans held for sale acquired in previous business combination	(7)	(8)	910	(2,562)	(387)
Less gain (loss) on sales or write-downs of other real estate owned and other assets	115	533	(183)	(252)	429
Less (loss) gain from securities, net	(14,197)	(28)	69	25	(140)
Core noninterest income	22,131	23,316	22,553	20,258	22,690
Core revenue (tax-equivalent basis)	$ 123,893	$ 125,699	$ 127,046	$ 131,537	$ 134,835
Efficiency ratio[(a)]	76.2%	64.8%	63.3 %	62.7%	61.1%
Core efficiency ratio (tax-equivalent basis)	63.1%	63.5%	63.3 %	61.0%	60.7%

(a) Efficiency ratio is calculated by dividing noninterest expense by total revenue.

GAAP reconciliations and use of non-GAAP financial measures

Banking segment core efficiency ratios (tax-equivalent basis)

(Dollars in thousands)	Three Months Ended				
	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Banking segment noninterest expense	$ 70,974	$ 67,653	$ 68,350	$ 66,926	$ 65,886
Less early retirement and severance costs	4,809	1,001	—	—	—
Banking segment core noninterest expense	$ 66,165	$ 66,652	$ 68,350	$ 66,926	$ 65,886
Banking segment net interest income	100,926	101,543	103,660	110,498	111,384
Banking segment net interest income (tax-equivalent basis)	101,762	102,383	104,493	111,279	112,145
Banking segment noninterest (loss) income	(4,031)	11,480	11,493	8,345	10,293
Less (loss) gain from changes in fair value of commercial loans held for sale acquired in previous business combination	(7)	(8)	910	(2,562)	(387)
Less gain (loss) on sales or write-downs of other real estate owned and other assets	119	558	249	(228)	514
Less (loss) gain from securities, net	(14,197)	(28)	69	25	(140)
Banking segment core noninterest income	10,054	10,958	10,265	11,110	10,306
Banking segment total revenue	$ 96,895	$ 113,023	$ 115,153	$ 118,843	$ 121,677
Banking segment total core revenue (tax-equivalent basis)	$ 111,816	$ 113,341	$ 114,758	$ 122,389	$ 122,451
Banking segment efficiency ratio	73.2%	59.9%	59.4%	56.3%	54.1%
Banking segment core efficiency ratio (tax-equivalent basis)	59.2%	58.8%	59.6%	54.7%	53.8%

GAAP reconciliations and use of non-GAAP financial measures

Mortgage segment core efficiency (tax-equivalent basis) and core revenue ratios

	Three Months Ended				
(Dollars in thousands)	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Mortgage segment noninterest expense	$ 12,023	$ 13,639	$ 12,090	$ 13,304	$ 15,961
Less severance costs	—	425	—	—	—
Mortgage segment core noninterest expense	$ 12,023	$ 13,214	$ 12,090	$ 13,304	$ 15,961
Mortgage segment net interest income	—	—	—	—	—
Mortgage segment noninterest income	12,073	12,333	11,856	9,124	12,299
Less loss on sales or write-downs of other real estate owned	(4)	(25)	(432)	(24)	(85)
Mortgage segment core noninterest income	12,077	12,358	12,288	9,148	12,384
Mortgage segment total revenue	$ 12,073	$ 12,333	$ 11,856	$ 9,124	$ 12,299
Mortgage segment core total revenue	$ 12,077	$ 12,358	$ 12,288	$ 9,148	$ 12,384
Mortgage segment efficiency ratio	99.6%	110.6%	102.0%	145.8%	129.8%
Mortgage segment core efficiency ratio (tax-equivalent basis)	99.6%	106.9%	98.4%	145.4%	128.9%
Total revenue	$ 108,968	$ 125,356	$ 127,009	$ 127,967	$ 133,976
Core revenue	$ 123,893	$ 125,699	$ 127,046	$ 131,537	$ 134,835
Mortgage segment total revenue as a percentage of total revenue	11.1%	9.84%	9.33%	7.13%	9.18%
Mortgage segment core revenue as a percentage of core total revenue	9.75%	9.83%	9.67%	6.95%	9.18%

GAAP reconciliations and use of non-GAAP financial measures

Tangible assets, common equity and related measures

(Dollars in thousands, except share data)	As of Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Tangible assets					
Total assets	$ 12,489,631	$ 12,887,395	$ 13,101,147	$ 12,847,756	$ 12,258,082
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	9,549	10,438	11,378	12,368	13,407
Tangible assets	$ 12,237,521	$ 12,634,396	$ 12,847,208	$ 12,592,827	$ 12,002,114
Tangible common equity					
Total common shareholders' equity	$ 1,372,901	$ 1,386,951	$ 1,369,696	$ 1,325,425	$ 1,281,161
Less goodwill	242,561	242,561	242,561	242,561	242,561
Less intangibles, net	9,549	10,438	11,378	12,368	13,407
Tangible common equity	$ 1,120,791	$ 1,133,952	$ 1,115,757	$ 1,070,496	$ 1,025,193
Less accumulated other comprehensive loss, net	(192,398)	(163,407)	(149,566)	(169,433)	(187,440)
Adjusted Tangible common equity	$ 1,313,189	$ 1,297,359	$ 1,265,323	$ 1,239,929	$ 1,212,633
Common shares outstanding	46,839,159	46,798,751	46,762,626	46,737,912	46,926,377
Book value per common share	$ 29.31	$ 29.64	$ 29.29	$ 28.36	$ 27.30
Tangible book value per common share	$ 23.93	$ 24.23	$ 23.86	$ 22.90	$ 21.85
Adjusted tangible book value per common share	$ 28.04	$ 27.72	$ 27.06	$ 26.53	$ 25.84
Total common shareholders' equity to total assets	11.0%	10.8%	10.5%	10.3%	10.5%
Tangible common equity to tangible assets	9.16%	8.98%	8.68%	8.50%	8.54%
On-balance sheet liquidity:					
Cash and cash equivalents	$ 848,318	$ 1,160,354	$ 1,319,951	$ 1,027,052	$ 618,290
Unpledged securities	494,582	281,098	286,169	280,165	268,424
Equity securities, at fair value	2,934	3,031	3,059	2,990	2,962
Total on-balance sheet liquidity	$ 1,345,834	$ 1,444,483	$ 1,609,179	$ 1,310,207	$ 889,676
On-balance sheet liquidity as a percentage of total assets	10.8%	11.2%	12.3%	10.2%	7.26%
On-balance sheet liquidity as a percentage of total tangible assets	11.0%	11.4%	12.5%	10.4%	7.41%

GAAP reconciliations and use of non-GAAP financial measures

Tangible assets, common equity and related measures

(Dollars in thousands, except share data)	YTD 2023	As of the Year Ended 2022	2021	2020	2019
Tangible assets					
Total assets	$ 12,489,631	$ 12,847,756	$ 12,597,686	$ 11,207,330	$ 6,124,921
Less goodwill	242,561	242,561	242,561	242,561	169,051
Less intangibles, net	9,549	12,368	16,953	22,426	17,589
Tangible assets	$ 12,237,521	$ 12,592,827	$ 12,338,172	$ 10,942,343	$ 5,938,281
Tangible common equity					
Total common shareholders' equity	$ 1,372,901	$ 1,325,425	$ 1,432,602	$ 1,291,289	$ 762,329
Less goodwill	242,561	242,561	242,561	242,561	169,051
Less intangibles, net	9,549	12,368	16,953	22,426	17,589
Tangible common equity	$ 1,120,791	$ 1,070,496	$ 1,173,088	$ 1,026,302	$ 575,689
Less accumulated other comprehensive (loss) income, net	(192,398)	(169,433)	5,858	27,595	12,138
Adjusted Tangible common equity	$ 1,313,189	$ 1,239,929	$ 1,167,230	$ 998,707	$ 563,551
Common shares outstanding	46,839,159	46,737,912	47,549,241	47,220,743	31,034,315
Book value per common share	$ 29.31	$ 28.36	$ 30.13	$ 27.35	$ 24.56
Tangible book value per common share	$ 23.93	$ 22.90	$ 24.67	$ 21.73	$ 18.55
Adjusted tangible book value per common share	$ 28.04	$ 26.53	$ 24.55	$ 21.15	$ 18.16
Total common shareholders' equity to total assets	11.0%	10.3%	11.4%	11.5%	12.4%
Tangible common equity to tangible assets	9.16%	8.50%	9.51%	9.38%	9.69%

GAAP reconciliations and use of non-GAAP financial measures

Adjusted return on average tangible common equity and related measures

(Dollars in thousands)	Three Months Ended				
	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Average common shareholders' equity	$ 1,393,253	$ 1,376,818	$ 1,343,227	$ 1,294,758	$ 1,336,143
Less average goodwill	242,561	242,561	242,561	242,561	242,561
Less average intangibles, net	10,011	10,913	11,862	12,865	13,953
Average tangible common equity	$ 1,140,681	$ 1,123,344	$ 1,088,804	$ 1,039,332	$ 1,079,629
Net income	$ 19,175	$ 35,299	$ 36,381	$ 38,143	$ 31,831
Return on average common equity	5.46%	10.3%	11.0%	11.7%	9.45%
Return on average tangible common equity	6.67%	12.6%	13.6%	14.6%	11.7%
Adjusted tangible net income	$ 33,891	$ 36,668	$ 36,440	$ 40,814	$ 32,936
Adjusted return on average tangible common equity	11.8%	13.1%	13.6%	15.6%	12.1%

GAAP reconciliations and use of non-GAAP financial measures

Adjusted return on average asset, common equity and related measures

(Dollars in thousands)	Three Months Ended				
	Sep 2023	Jun 2023	Mar 2023	Dec 2022	Sep 2022
Net income	$ 19,175	$ 35,299	$ 36,381	$ 38,143	$ 31,831
Average assets	12,557,158	12,826,449	12,861,614	12,446,027	12,038,115
Average common equity	1,393,253	1,376,818	1,343,227	1,294,758	1,336,143
Return on average assets	0.61%	1.10%	1.15%	1.22%	1.05%
Return on average common equity	5.46%	10.3%	11.0%	11.7%	9.45%
Adjusted net income	$ 33,233	$ 35,973	$ 35,708	$ 40,045	$ 32,117
Adjusted return on average assets	1.05%	1.12%	1.13%	1.28%	1.06%
Adjusted return on average common equity	9.46%	10.5%	10.8%	12.3%	9.54%
Adjusted pre-tax pre-provision earnings	$ 44,984	$ 44,965	$ 45,659	$ 50,299	$ 52,516
Adjusted pre-tax pre-provision return on average assets	1.42%	1.41%	1.44%	1.60%	1.73%